



Updated: October 2024

Green Retrofit Financing

Refinance/Rehabilitation Loans¹

Green Retrofit Financing offers several financial incentives for the refinance and rehabilitation of multi-family projects when owners invest in property improvements which reduce energy and carbon emissions. These investments may include energy load reducing measures (such as improvements to the building envelope), electrification of building systems, and the addition of renewable energy systems. Green Retrofit Financing is one of three products in MHP's suite of Green and Healthy Housing Programs.

Green Retrofit Financing Benefits:

- 15 to 35 basis point reduction in the permanent loan interest rate, depending on the energy reduction and performance achieved – see Green Retrofit Incentive Eligibility Chart².
- Up to \$15,000 reimbursement of a Decarbonization Assessment³.
- Full reimbursement of required energy performance tracking and benchmarking services through an approved provider for the first two operating years after the closing of the loan.

Required Property Improvements:

Borrower must commit to property improvements that are projected to reduce the property's on-site, pre-solar annual energy use intensity (EUI), measured in kBtu/sf/yr, by at least 30%, with the deepest interest rate discounts available for an EUI reduction of 50% or more. Operating cost impacts must be evaluated.

¹ Projects that qualify as gut rehabilitations are not eligible to use this program and should instead reference the Green Building Certification or Healthy Housing Financing programs.

² MHP may limit the total interest rate discount received under the suite of Green and Healthy Housing programs to the basis point equivalent of \$20,000 in year one benefits.

³ A Decarbonization Assessment follows the basic parameters of an ASHRAE II energy audit, but also includes an assessment of the property's current carbon emissions profile and makes recommendations related to the least-first-cost pathway to zero operating emissions by 2050 that maintains or reduces current operating cost level and avoids building durability and resident comfort risks. These recommendations may include measures to be implemented immediately, and/or measures to be implemented over time to achieve that goal. If a project team has other sources of funding for the Decarbonization Assessment, they may instead use this reimbursement for offsetting systems commissioning costs.

Properties will be required to execute commissioning of all new mechanical systems⁴. Commissioning agent verification of line pressure and refrigerant charge testing for all central distributed refrigeration systems is required. Properties assuming air infiltration reduction as an energy consumption measure are required to field verify reduced air infiltration.

Properties must enroll in and submit energy and water consumption and cost information to their selected energy performance tracking and benchmarking tool and share access to that information with MHP.

Post-renovation replacement reserve budget projections must include acknowledgment of and provisions for achieving zero carbon emission by 2050 and identify relevant envelope improvements, systems electrification, and integration of renewable energy systems (as appropriate).

Loan type: MHP permanent first mortgage financing using MHP's bank financing, FHA Risk Sharing, or Fannie Mae as capital sources. Fannie Mae pricing incentives will be based on the green discounts currently available from Fannie Mae. MHP underwrites and services all loans regardless of capital source.

Eligible Property Type: Properties undergoing refinancing/rehabilitation where the owner plans to make energy and emissions reduction improvements to the property. Minimum project size is five units, and the property must meet MHP's minimum affordability requirements (at least 20% of the units affordable to households at 50% of Area Median Income (AMI), 40% of the units affordable to households at 60% AMI, or 25% of the units affordable to households at 80% AMI provided that the maximum rents are at least 10 percent below comparable market rents).

⁴ Project's that do not have a commissioning and/or testing and verification protocol required by a certification program or Authority Having Jurisdiction (AHJ) should default to the applicable testing and verification requirements of the Energy Star Multifamily New Construction (MFNC) program. All new ventilation-related mechanical equipment must be included.

MHP's GREEN RETROFIT INCENTIVE ELIGIBILITY CHART

DEEP ENERGY RETROFIT (35-basis-point rate reduction)

Property improvements will reduce EUI by at least 50%, as supported by an eligible decarbonization assessment. Alternatively, receipt of the following certifications may evidence eligibility under this category:

Certification Pathway:	Awarding Certification:
• PHIUS CORE / CORE REVIVE	Passive House Institute US (PHIUS)
• Certified Passive House (Classic, Plus, Premium, or EnerPHit)	Passive House Institute

ENERGY RETROFIT (25-basis-point rate reduction)

Property improvements will reduce EUI by at least 40%, as supported by an eligible decarbonization assessment.

ZERO OVER TIME RETROFIT (15-basis-point rate reduction)

Property improvements will reduce EUI by at least 30%, as supported by an eligible decarbonization assessment.